



Fair Political Practices Commission

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NEWS RELEASE

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Commission, Machado agree to civil settlement ***Senator will pay fine, return contributions made over limits***

The Fair Political Practices Commission has reached a civil settlement with state Sen. Michael Machado, two of his campaign committees – “Machado for Senate” and “Machado for Senate 2004” – and the treasurer of those committees, Stephen Sinnock, for violating state campaign laws involving the misdirection of campaign funds, the misreporting of those funds, and resulting contribution limit violations in connection with Machado’s current campaign for re-election.

The settlement requires Machado to pay a \$61,000 fine, return to contributors \$56,200 that was collected in excess of the contribution limits, file corrected campaign disclosure reports, and act to ensure that his campaign complies with contribution limits in the future.

The FPPC suit alleged that Machado and his committees raised funds for Machado’s 2004 re-election campaign, deposited the funds into the bank account of his 2000 election committee, and mischaracterized the contributions as contributions to the 2000 committee – a committee which was not subject to contribution limits – and in so doing collected money in excess of the contribution limits for the 2004 state Senate race.

The stipulated settlement, signed by the FPPC, Machado and Sinnock, was filed yesterday (August 30) in Sacramento Superior Court, but still must be approved by Judge Loren McMaster, before whom the matter is now pending. The complaint, stipulation, and proposed judgment are available under "[Litigation](#)" on the FPPC website.

FPPC Enforcement Division Chief Steven Russo characterized the settlement as “a fair resolution of the case,” noting that “the Machado campaign has done some things that put it in violation of the Political Reform Act, but they have been cooperative with us in seeing that the violations are corrected, particularly by returning the contributions that violated the limits, and they are now paying a significant fine as a penalty for what occurred.”

“Enforcement staff did an excellent job of investigating this matter and bringing the case to a swift resolution prior to the election,” Russo added.

According to documents filed in the case, the defendants started raising money for Machado’s 2004 re-election campaign in January 2001, but did not establish either a re-election committee or a bank account for that committee, as required by law, until approximately

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October, 2001.

The defendants deposited 189 contributions, totaling \$235,657, for the 2004 re-election campaign into the bank account for Machado's 2000 election committee. They also made 58 payments, totaling \$246,762, for fundraising and other expenses for the re-election campaign out of the bank account for the 2000 election committee rather than the bank account for the re-election committee. Under state law, funds collected to run for a particular office may only be deposited into a single bank account established for election to that office, and the funds spent to run for the office can only be spent from the same account.

As a result of their committee bank account practices, the defendants received 20 contributions, totaling \$56,200, to support Machado's re-election campaign, that were in violation of the contribution limits applicable to the 2004 election for state senate.

This case is one in a series of matters being investigated by the FPPC involving potential contribution limit and reporting violations.

Commission Senior Counsel Deanne Canar, Investigator III Jon Wroten, and Accounting Specialist Luz Bonetti handled the case for the FPPC.

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